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 By PT NARA Date 12/1/03

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 POL 12-3 POL  
 XR POL 12-6 POL

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INR-09 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-14

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FRB-02 CIEP-02 STR-08 TRSE-00 LAR-06 SIL-01 SAL-01

 UMB-01 RSR-01 ACDA-19 MBFR-03 IO-12 AGR-20 /202 W  
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 R 220856Z MAR 73  
 FM AMEMBASSY WARSAW  
 TO SECSTATE WASHDC 3137  
 INFO AMEMBASSY BELGRADE  
 USMISSION BERLIN  
 AMEMBASSY BUCHAREST  
 AMEMBASSY BUDAPEST  
 AMEMBASSY MOSCOW  
 AMCONSUL MUNICH  
 USMISSION NATO  
 AMEMBASSY PRAGUE  
 AMEMBASSY SOFIA  
 AMEMBASSY VIENNA  
 USMISSION EC BRUSSELS

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 + R POL 12-6 POL

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 E.O. 11652: GDS  
 TAGS: PFOR, PINT, ECHN  
 SUBJECT: ASSESSMENT OF POLISH POLICIES

REF: WARSAW 5657

1. BEGIN SUMMARY: HAVING TAKEN THE DECISION, WITH MOSCOW'S BLESSING, TO PURSUE DETENTE IN THE WEST AND TO ACQUIRE ADVANCED TECHNOLOGY, POLAND HAS DEVOTED INCREASING ATTENTION TO IMPROVING ITS RELATIONS WITH WESTERN COUNTRIES. THIS HAS BECOME PARTICULARLY EVIDENT SINCE THE COMPLETION OF GIEREK'S FIRST YEAR IN POWER.

 3/22/73  
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FRANCE HAS CONTINUED, FOR POLITICAL REASONS, TO OCCUPY FIRST PLACE IN POLISH EYES, WITH SCANDINAVIA RUNNING A CLOSE SECOND. POLAND'S RELATIONSHIP TO THE FRG HAS UNDERGONE A FUNDAMENTAL AND POSITIVE CHANGE, ALTHOUGH IT IS STILL MARKED BY COOLNESS AND WARINESS, AND POLISH-US RELATIONS HAVE UNDERGONE A DRAMATIC IMPROVEMENT. IN THE MULTILATERAL SPHERE, POLAND HAS SHOWN INCREASED ACTIVITY WHICH FITS IN WITH ITS OWN PREDILECTIONS. POLISH TRADE WITH THE WEST HAS INCREASED BOTH IN ABSOLUTE AND QUALITATIVE TERMS AND AS A SHARE OF TOTAL TRADE. AT HOME, THE REGIME IS PURSUING THE DUAL AIM OF ENDEAVORING TO SATISFY CONSUMER NEEDS AND, AT THE SAME TIME, MODERNIZE AND DEVELOP THE ECONOMY. IN THE FORMER, IT CONTINUES TO MAKE SATISFACTORY PROGRESS IN IMPROVING THE SUPPLY OF CONSUMER GOODS. IN ORDER TO ACHIEVE ITS MODERNIZATION GOALS, IT IS COUNTING HEAVILY, AND PERHAPS TOO MUCH SO, ON AN INFLUX OF ADVANCED WESTERN TECHNOLOGY. WHILE IT HAS BEEN STRONG ON LONG-TERM PROMISES AND PLANS, THE REGIME'S APPROACH TO REORGANIZATION AND REFORM HAS BEEN CAUTIOUS. END SUMMARY

2. IN THE LATTER PART OF DECEMBER THE EMBASSY EVALUATED THE RECORD OF THE PRESENT POLISH REGIME AS IT COMPLETED ITS SECON YEAR IN POWER AND DESCRIBED THE INTERNAL AND EXTERNAL POLITICAL SITUATION AS WE SAW IT. NOTHING HAS OCCURRED SINCE THEN WHICH WOULD ALTER OUR OVER-ALL ASSESSMENT. GIEREK'S OWN STATURE AND THE REGIME'S POLICY TOWARD AND RELATIONS WITH WORKERS, FARMERS, AND INTELLIGENTSIA HAVE NOT CHANGES IN ANY SIGINIFICANT WAY IN THE PAST THREE MONTHS. NEVERTHELESS, THERE MAY BE VALUE IN ATTEMPTING NOW A BROAD ASSESSMENT OF TWO MAJOR, AND RELATED, FACETS OF REGIME POLICY: ITS POLICY TOWARD THE WEST AND ITS ECONOMIC POLICY, IN THE BROAD SENSE, AT HOME.

3. DETENTE IN THE WEST. POLAND'S CURRENT POLICY TOWARD THE WEST IS ONE OF SEEKING DETENTE WITHIN PRESCRIBED LIMITATIONS. WHILE IT IS DIFFICULT TO STATE PRECISELY WHEN THE POLICY TOOK SHAPE, IT IS CLEAR THAT A DECISION WAS TAKEN, WITH MOSCOW'S BLESSING, TO PURSUE THE DUAL (AND INTERRELATED) AIMS OF REDUCING TENSION AND GAINING GREATER ACCESS TO THE

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TECHNOLOGY AND ECONOMIC RESOURCES OF THE WEST. THUS, UNDER GIEREK'S LEADERSHIP, AND ESPECIALLY AFTER COMPLETION OF HIS FIRST YEAR IN OFFICE, POLAND EMBARKED ON A COURSE OF IMPROVING ITS RELATIONS WITH WESTERN COUNTRIES. THE PROCESS HAS NOT BEEN UNIFORM--SOME WESTERN COUNTRIES, FOR VARYING REASONS, STAND HIGHER IN POLISH FAVOR THAN OTHERS--BUT THE OVERALL TREND HAS BEEN CLEAR.

4. A FEW EXAMPLES MAY SUFFICE TO INDICATE THE MAIN DIRECTION, MODIFIED BY CERTAIN POLITICAL VARIATIONS. FRANCE REMAINS THE POLISH FAVORITE, ALTHOUGH SCANDINAVIA (AND SWEDEN IN PARTICULAR) RUNS A CLOSE SECOND. FROM THE POLISH STANDPOINT, GIEREK'S SUCCESSFUL VISIT TO FRANCE CONSTITUTED A RECOGNITION NOT ONLY OF HIS STATURE, BUT OF POLAND'S PLACE IN EUROPE. HERE THE TRADITIONAL "CULTURAL" TIES BETWEEN THE TWO COUNTRIES FORMED A USEFUL BACKDROP AND RATIONALE FOR EXPANDED RELATIONS WITH THE MOST INDEPENDENT MEMBER OF THE ATLANTIC ALLIANCE AND EUROPEAN COMMUNITY. ECONOMIC MOTIVATIONS WERE OF COURSE ALSO IMPORTANT, BUT FRANCE IS FIRST FOR POLITICAL REASONS. BY CONTRAST, POLAND'S RELATIONS WITH HER NUMBER-ONE TRADING PARTNER, THE FEDERAL REPUBLIC OF GERMANY, REMAIN RELATIVELY COOL, AND GENUINELY GOOD RELATIONS WILL BE SLOW TO DEVELOP. EVEN WITHOUT THE PROBLEMS OF "ETHNIC GERMANS" AND POLISH CLAIMS FOR COMPENSATION TO WAR VICTIMS, MEMORIES OF THE PAST ARE STILL SUFFICIENTLY STRONG HERE TO PRECLUDE RAPID RECONCILIATION, AND IN POLISH EYES THE GOAL OF THE PRESENT PROCESS IS MERELY "NORMALIZATION". NEVERTHELESS, THE SETTLEMENT ACHIEVED BY THE FRG-POLISH TREATY OF DECEMBER 1970 AND RATIFIED BY BOTH SIDES LAST YEAR WAS A STEP OF FUNDAMENTAL LONG-RANGE IMPORTANCE.

5. PERHAPS, HOWEVER, THE MOST STRIKING EXAMPLE OF POLAND'S MOVEMENT TOWARD DETENTE AND OF ITS DESIRE TO DRAW UPON THE ADVANCED TECHNOLOGY OF THE "CAPITALIST WORLD" IS THE DRAMATIC IMPROVEMENT IN ITS RELATIONS WITH THE UNITED STATES. THE TIMING IN THIS CASE WAS FORTUITOUS; POLAND'S DESIRE FOR IMPROVED RELATIONS WAS MATCHED BY THAT OF THE UNITED STATES, AND PRESIDENT NIXON'S VISIT MADE POSSIBLE A SERIES OF INITIATIVES, MOST NOTABLY IN THE COMMERCIAL AND SCIENTIFIC/TECHNICAL FIELDS, WHICH CAN PROVE OF REAL

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BENEFIT TO BOTH SIDES AND ARE ALREADY BRINGING REWARDS IN THE FORM OF EXPANDED TRADE. THESE VARIOUS STEPS HAVE BEEN REPORTED ELSEWHERE AND REQUIRE NO REITERATION HERE. THE POLISH INTEREST IN MAINTAINING THE NEW LEVEL OF COOPERATION WITH THE US WAS QUITE CLEARLY INDICATED BY CAREFUL HANDLING OF THE "JOZEF CONRAD" INCIDENT.

6. WHILE IMPROVING AND EXPANDING BILATERAL TIES WITH THESE AND A NUMBER OF OTHER COUNTRIES, POLAND IS ALSO DISPLAYING AN ENERGETIC FACE TO THE WORLD IN THE MULTILATERAL SPHERE, AS SHOWN IN DIPLOMATIC PREPARATIONS FOR A CSCE (ESPECIALLY IN THE PRE-HELSINKI PHASE), IN TREPCZYNSKI'S PRESIDENCY OF THE UNGA AND, MOST RECENTLY, IN PARTICIPATION IN THE ICCS AND THE PARIS CONFERENCE ON VIETNAM. POLAND'S ACTIVITIES IN THESE AREAS HAVE HELPED GIVE SUBSTANCE TO REPEATED ASSERTIONS THAT IT IS PLAYING AN INCREASINGLY IMPORTANT ROLE ON THE WORLD STAGE.

DAVIES

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NIS-01 GAC-01 SAJ-01 AID-20 CSA-02 COME-00 EB-11

FRB-02 CIEP-02 STR-08 TRSE-00 LAB-06 SIL-01 SAL-01

OMB-01 ACDA-19 MBFR-03 IO-12 AGR-20 RSR-01 /202 W  
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R 220856Z MAR 73  
FM AMEMBASSY WARSAW  
TO SECSTATE WASHDC 3138  
INFO AMEMBASSY BELGRADE  
USMISSION BERLIN  
AMEMBASSY BUCHAREST  
AMEMBASSY BUDAPEST  
AMEMBASSY MOSCOW  
AMCONSUL MUNICH  
USMISSION NATO  
AMEMBASSY PRAGUE  
AMEMBASSY SOFIA  
AMEMBASSY VIENNA  
USMISSION EC BRUSSELS

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7. IN PURSUING THE DETENTE LINE, POLAND IS OF COURSE  
ACTING WITHIN THE LIMITATIONS IMPOSED BY ITS OBLIGATIONS  
TO THE WARSAW PACT AND TO THE USSR IN PARTICULAR. BUT  
BEYOND THIS GENERAL RESTRAINT LIES A CONCERN ON THE  
PART OF THE REGIME OVER THE INTERNAL IMPACT WHICH A  
RELAXED INTERNATIONAL ATMOSPHERE AND FREER CONTACTS MAY  
HAVE. THUS, RECENT MONTHS HAVE ALSO SEEN INCREASED PUBLIC  
EMPHASIS ON THE NEED TO SHARPEN IDEOLOGICAL WEAPONS, AS  
THE WORLD MOVES FROM "ARMED CONFRONTATION" INTO AN EAR  
OF "IDEOLOGICAL CONFRONTATION". HOWEVER, THERE ARE NO  
SIGNS THAT THESE PUBLIC PRONOUNCEMENTS HAVE IN ANY WAY  
AFFECTED THE INTERNAL GRADUAL/LIBERALIZING TREND OF THE

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PRESENT ADMINISTRATION. THEY MAY BE LITTLE MORE THAN PUBLIC POSTURING TO SATISFY THE ANXIETIES OF THE MORE CONSERVATIVE SOCIALIST BRETHREN TO THE EAST. THERE HAS BEEN SOME ATTEMPT TO REIN IN THE ALWAYS RELESS POLISH YOUTH BY THE FEDERATION AND CENTRALIZATION OF STUDENT YOUTH ORGANIZATIONS, BUT OTHER EVENTS BELIE ANY CONCERTED EFFORT ON THE PART OF THE GOVERNMENT TO DAMPEN INTELLECTUAL OR CULTURAL CONTACTS WITH THE WEST. AT THE SAME TIME, ALTHOUGH INTELLECTUALS CONTINUE TO BE SKEPTICAL, AN HISTORIC POLISH TRAIT, MANY ADMIT THEY HAVE NOTHING TO COMPLAIN ABOUT WHEN THEY COMPARE GIEREK'S TO GOMULKA'S POLAND. IN DISCUSSIONS ABOUT CSCE, THE POLES HAVE STOOD WITH THEIR WARSAW PACT COLLEAGUES IN EMPHASIZING THAT FREER MOVEMENT CANNOT BE A SORT WHICH WOULD TREATEN THE "SOCIAL" STRUCTURE OF OTHER STATES. MEANWHILE, PUBLIC PRONOUNCEMENTS AROUND CONCERNING THE IMPORTANCE OF "SOCIALIST UNITY" (NOT MERELY IN AN ANTI-CHINESE CONTEXT) AND, IF THE NUMBER OF FRATERNAL VISITS AMONG WARSAW PACT MEMBERS IS ANY SORT OF INDICATION, THE POLES ARE DOING THEIR BID TO TRY TO FORGE THIS "UNITY".

8. POLAND IS WELL AHEAD OF MANY OF HER WARSAW PACT PARTNERS IN THE DEGREE OF WESTERN INFLUENCE AND CONTACT WHICH IS TOLERATED. UNDOUBTEDLY THIS REGIME IS LESS FEARFUL OF THE FUTURE IN THIS REGARD THAN SOME OF THE FRATERNAL REGIMES ELSEWHERE. NEVERTHELESS, THERE IS ENOUGH CONCERN HERE TO MAKE THIS A PARTLY LIMITING FACTOR IN THE MANNER IN WHICH POLAND DEVELOPS HER TIES WITH THE WEST.

9. ANY ASSESSMENT OF POLAND'S POLICY TOWARD THE WEST AS OF THIS DATE WOULD HAVE TO CONCLUDE THAT IT HAS ACHIVED A FAIR MEASURE OF SUCCESS. RELATIONS WITH THE COUNTRIES OF EUROPE AND AMERICA ARE ON THE UPSWING. FULL DIPLOMATIC RELATIONS WITH SPAIN SEEM TO BE NOT FAR DISTANT, AND SOME SORT OF ACCORD WITH THE VATICAN IS NOT IMPOSSIBLE. (THE SETTING OF A DATE FOR A VISIT TO ROME BY FOREIGN MINISTER OLSZOWSKI MAY MEAN THAT SOME SORT OF PARTIAL UNDERSTANDING IN THIS FIELD WILL BE ACHIEVED THIS SPRING.) IF ON THE FIELDS OF MULTILATERAL DIPLOMACY THE POLES HAVE NOT ENTERED THE RANKS OF STAR PLAYERS, THEY HAVE NEVERTHELESS INCREASED THEIR STATURE AND ARE PLAYING

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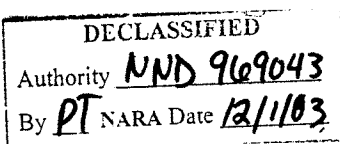
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THE KIND OF "ACTIVE" ROLE THEY ENJOY. WHETHER THIS WILL  
ENABLE THEM, AS THEY HOPE, TO BECOME FURTHER ENGAGED IN  
WESTERN EUROPE, AND THUS HELP TO WARD OFF SOME OF THE  
DETRIMENTAL EFFECTS OF THE COMMON MARKET, IS NOT YET CLEAR.  
HOWEVER, THEY HAVE CERTAINLY IMPROVED THEIR OPPORTUNITY  
FOR CONSTRUCTIVE DIALOGUE. IN THE FOREIGN ECONOMIC SPHERE,  
FOREIGN TRADE MINISTRY SOURCES HAVE TOLD US THAT IN 1972  
THE SHARE OF POLISH TRADE WITH THE WEST ROSE TO 40 PERCENT  
OF TOTAL TRADE (IN CONTRAST TO THE TRADITIONAL ONE-THIRD) AND  
THAT IT MAY GO HIGHER IN THE NEAR TERM, AS POLISH PUR-  
CHASES OF WESTERN TECHNOLOGY, AND CONSUMER GOODS AS WELL  
INCREASE.

10. DOMESTIC ECONOMICS. ON THE DOMESTIC SIDE, THE REGIME IS EN-  
DEAVORING TO DO A BETTER JOB OF SATISFYING CONSUMER NEEDS AT  
THE SAME TIME TO MODERNIZE AND DEVELOP THE ECONOMY. IN THE FOR-  
MER SPHERE, IT CONTINUES TO MAKE GOOD PROGRESS. REAL INCOMES  
IN 1972 REPORTEDLY ROSE BY BETTER THAN 6 PERCENT; THE  
VARIETY, EQUALITY, AND AVAILABILITY OF FOOD AND CONSUMER  
ITEMS HAS INCREASED NOTICEABLY, ALTHOUGH MEAT SUPPLIES  
OFTEN ARE NOT SUFFICIENT TO COVER DEMAND AND THERE IS  
GENERALLY A MARKED DIFFERENCE BETWEEN WARSAW AND SOME OF  
THE PROVINCIAL CITIES; THE PERCENTAGE OF FAMILY INCOME  
SPENT ON FOOD DROPPED FROM 46.2 PERCENT TO 45.3 PERCENT,  
A SMALL, BUT MEANINGFUL, INDICATOR OF IMPROVING LIVING  
STANDARDS; AND PRICES ON BASIC FOOD ITEMS REMAIN FROZEN  
UNTIL 1974. OVER-ALL, FROM THE CONSUMER STANDPOINT THE  
ECONOMY STILL HAS A LONG WAY TO GO TO SATISFY DEMAND IN  
ANY AREAS, BUT PROGRESS HAS BEEN MADE AND THERE SEEMS  
TO BE NO DOUBT OF THE GIEREK REGIME'S DESIRE TO IMPROVE  
THE QUALITY OF LIFE FOR ITS CITIZENS. THE QUESTION STILL  
REMAINS AS TO WHETHER THE MOMENTUM CAN BE MAINTAINED AND  
WHETHER THE REGIME WILL EVENTUALLY DEAL WITH THE INFLATIONARY  
PRESSURES WHICH CONTINUE TO MOUNT AS A RESULT OF RISING  
WAGES, FROZEN PRICES, AND EXPANDING INVESTMENTS.

IN ITS PUBLIC PRONOUNCEMENTS, THE REGIME CONTINUES TO  
STAND FIRM ON PROMISES AND PLANS FOR THE FUTURE, WITH CON-  
SIDERABLE EMPHASIS ON LONG-RANGE PLANS -- AS FOR EXAMPLE  
THE WORK OF THE COMMITTEE "POLAND 2000". IN THE MAJOR  
REFORMS PROPOSED BY PROFESSOR SZCZEPANSKI'S  
COMMITTEE OF EXPERTS, IN THE MUNDANE BUT ESSENTIAL FIELD

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OF HOUSING, AND ABOVE ALL IN THE GOVERNMENT'S CONTINUALLY REITERATED INTENTION OF IMPROVING AND MODERNIZING THE ECONOMY. IN PRACTICE, HOWEVER, THE APPROACH TO IMPROVING THE SYSTEM HAS BEEN CAUTIOUS. CONSISTENT WITH GIEREK'S KNOWN PREFERENCE FOR THE SLOW, STEP-BY-STEP APPROACH, PUBLICISTS HAVE CAREFULLY AVOIDED USE OF THE TERM "REFORM" IN DESCRIBING WHAT IS INTENDED IN THE ECONOMY. IT IS MUCH TOO SOON TO TELL WHAT RESULTS WILL EMERGE FROM THE NEW LATITUDE GIVEN TO 30-35 "LARGE ECONOMIC ENTERPRISES" IN JANUARY, BUT THIS MANAGEMENT REFORM IS DISTINCTLY MODEST IN SCOPE. AS INDICATED IN PREMIER JAROSZEWICZ'S JANUARY 8 SPEECH TO THE ECONOMIC "AKTIV" MEETING IN WARSAW, THE GOVERNMENT IS AGAIN THIS YEAR COUNTING ON EXPLOITING UNTAPPED "RESERVES", PROMOTING ABOVE-PLAN PRODUCTION (30 BILLION ZLOTIES WORTH IS SOUGHT THIS YEAR), CURBING ABSENTEEISM (WHICH ROSE SHARPLY LAST YEAR), AND MAKING AT LEAST SOME PROGRESS IN ALLEVIATING THE CHRONIC PROBLEM OF THE INVESTMENT CYCLE. JAROSZEWICZ'S WORDS, INDEED, SEEM MERELY TO CONFIRM A FACT WHICH WAS APPARENT IN DECEMBER: THAT THE GAINS WERE ACHIEVED IN LARGE MEASURE, NOT THROUGH INCREASES IN PRODUCTIVITY, BUT AT A CONSIDERABLE COST IN EXTRA LABOR AND SOME DEFICITS IN THE FOREIGN-TRADE ACCOUNTS.

1. AT THE SAME TIME, AND AS SEEN FROM MUCH OF ITS FOREIGN ACTIVITY AND ITS OWN PRONOUNCEMENTS, THE GIEREK LEADERSHIP IS COUNTING HEAVILY UPON THE EXPECTED INFUX OF ADVANCED WESTERN TECHNOLOGY, KNOW-HOW, AND EQUIPMENT TO HELP SOLVE ITS LONG-TERM ECONOMIC PROBLEM. TO A CONSIDERABLE EXTENT, THOUGH NOT EXCLUSIVELY, THIS IS WHAT "MODERNIZATION" OF THE ECONOMY MEANS HERE.

THE MONTHS AHEAD WILL CERTAINLY SEE FURTHER EXPANDED ACTIVITY IN PURCHASES OF WESTERN TECHNOLOGY AND EQUIPMENT. THE ULTIMATE QUESTION IS HOW EFFECTIVE ALL THIS WILL BE IN IMPROVING PRODUCTIVITY AND CREATING GREATER INCENTIVES BOTH MANAGERS AND WORKERS IN THE ABSENCE OF FUNDAMENTAL REFORMS.